

Amendments to the Claims:

This listing of claims will replace all prior versions, and listings, of claims in the application:

Listing of Claims:

1. (Previously Amended) A computer-implemented method for determining a preferred set of prices for a plurality of products, the method being implemented as a plurality of program instructions in a computer system, the method comprising:
 - receiving, using the computer system, a plurality of demand coefficients;
 - receiving, using the computer system, known cost data including activity-based costs;
 - imputing, using the computer system, missing or incomplete cost data to give imputed cost data;
 - combining using the computer system, said known cost data with said imputed cost data to give a combined cost data set;
 - generating, using the computer system, a sales model from the plurality of demand coefficients;
 - generating, using the computer system, a cost model from the combined cost data set, and wherein the activity-based costs include variable costs and fixed costs, further wherein said cost model determines a total cost for each product in a given demand group in a given store for a given time period by computing a cost for each selected costing activity;
 - receiving, using the computer system, a set of actual prices;
 - initializing, using the computer system, a set of incumbent prices to the set of actual prices;
 - generating a local optimum by applying, using the computer system, the set of incumbent prices to the sales model and the cost model wherein the local optimum for the preferred set of prices maximizes profit; and
 - generating the preferred set of prices by applying, using the computer system, the local optimum prices to the sales model and the cost model in an iterative manner until the preferred set of prices is reached.

2. (Previously Amended) The method, as recited in claim 1, further comprising specifying, using the computer system, a plurality of rules, and wherein the generation of the preferred set of prices comprises:

determining, using the computer system, a set of starting prices; and wherein the generation of the local optimum for the preferred set of prices for the plurality of products includes complying with the plurality of rules, further wherein said plurality of rules constrain the preferred set of prices to fall within limits conforming to business strategy.

Claims 3-6 (Previously Canceled)

7. (Currently Amended) The method, as recited in claim [[4]] 1, wherein the cost data is from an individual store and the preferred set of prices is generated for said individual store.

8. (Currently Amended) The method, as recited in claim [[4]] 1, wherein the cost data is from a cluster of stores and the preferred set of prices is generated for said cluster of stores.

9. (Currently Amended) The method, as recited in claim [[4]] 1, further comprising:
generating, using the computer system, equivalent prices for said plurality of products by dividing individual product prices by a standardized unit of measure; and
incorporating, using the computer system, said equivalent prices into said sales model.

10. (Currently Amended) The method, as recited in claim [[4]] 1, wherein said demand group is a set of highly substitutable products.